



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
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July 31, 1996

Al E. Dearth
Environmental Coordinator
Plateau Resources Ltd.
877 North 8th West
Riverton, Wyoming 82501

Re: Status of the Velvet Mine, M/037/040, San Juan County, Utah

Dear Mr. Dearth:

Thank you for copying us on your letter of July 22, 1996, to the BLM San Juan Resource Area, describing the proposed dewatering plans for the Velvet Mine. The Division has no concerns with the proposed dewatering in August provided all operations are in accordance with the approved large mine plan. Please be advised that you may need approval from other state and federal agencies prior to beginning this project, specifically, the Division of Water Quality and the BLM.

One piece of conflicting information is that our records indicate the operator of record for the Velvet Mine is U.S. Energy Corporation after an official transfer in October 1994. Please clarify the connection with Plateau Resources Limited for this operation. We appreciate your update as to the status of this mining operation.

Sincerely,

Anthony A. Gallegos
Senior Reclamation Specialist

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cc: Ted McDougall, BLM, San Juan RA
Steve McNeal, DEQ

M037040.ltr